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*SEARS' IMPACT UPON LOCAL ECONOMY ----- G. G. MAUGHON

Enlarging on the subject of Southern industrial development, the Sears Southern head pointed out that, "What Dixie Makes Makes Dixie" is not just a trite catchphrase but a growing truism ...for Dixie is entering her greatest era of growth and development and is closing the gap in her economy at the mid-point of the century because she has learned to "make things." She has done this by developing the facilities with which to process and distribute her great wealth of natural resources and farm products to supply her own needs, to employ her great pool of farm released labor, and to import income to raise her social and economic standards.

In peace or war the might and power of Dixie's new combination of agricultural and industrial development is of increasing importance--important as a means of creating opportunities for her people--in improving the average welfare of the nation and as a great bulwark in the arsenal of democracy and freedom for the world.

Long ago the South began to put away her moonlight and magnolia traditions and to recognize the hopeless position of a large segment of the nation shackled by a one-crop export farm production system. During the first quarter of the century, she managed to depose King Cotton as her economic all and to diversify her agriculture. In the second quarter she completed the agricultural revolution and began to flex her industrial muscles. Today she poses as a potential industrial giant that will completely tear loose her economic band-irons and shock the nation with the vigor and rapidity of her production possibilities in the last half of the century.

This rapid transition from an agricultural colony into a well-rounded economy has resulted from the degree of success with which she has achieved a balance between agriculture and industry. She has seen the results in New England with too much industry and too little agriculture and she has seen the success of the Middle West with a good balance between agriculture and industry. She can adopt the Middle West pattern and eventually watch its success with that farm-factory combination.

The agricultural revolution in Dixie has resulted in bigger farm units and better farm management. At the same time it has decreased the number of farms in the South

*Information supplied by: Mr. Merle Douglas
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from 3,200,000 in 1930 to 2,800,000 in 1945, with the prediction that the 1950 census will show an even sharper decrease. This means improved farming methods on bigger units with greater income from livestock and the great crops like tobacco, peanuts, fruit, and other food stuff. Increased livestock production is the most notable result of the farm change.

In 1949 livestock and livestock products brought an income to the farmers of the 13 Southern states of \$2,581,000,000. The value of 1949 cotton crop (one of the biggest in history) was \$2,131,000,000--about four hundred million dollars less.

This farm change has released millions of workers for new industry in Dixie. In 1939, the 1.8 millions of workers in the South produced eleven billion dollars worth of goods. Only nine years later, in 1948, the industrial plants of the South employed 3.5 millions of workers who made goods valued at forty-two billions of dollars. This indicates the rapid progress in Dixie's industrialization.

These new factories simply complement our farm prosperity. Agriculture probably will continue to be the basis of our economic prosperity because most of the new industrial payroll and production comes from processing our agricultural products and our other natural resources. Cotton manufacturing, of course, heads the list. Today, out of 21,500,000 spindles in the nation, nearly 17,000,000 are in the South. The South employs slightly more than half of the workers in the Cotton Garment Industry--she has 60% of the plants making cotton work pants and 70% of the workers. About the same applies to the work shirts, hosiery, and the synthetic yarn industries. Nearly 25% of the plants and 40% of the workers in the wood furniture industries are in the South.

Natural gas, sulphur, oyster shells, and forest products are among the raw materials processed by our great chemical industries located in the coastal areas. Last year, the pulpwood industry paid the farmers of the South thirteen millions of dollars, and the railroads received over twenty millions of dollars for transporting to the pulp mills one of our greatest farm products--the stately old pine tree--that grows on forty million acres from East Texas to the Atlantic.

It is now clearly evident that the manufacturers of the nation have recognized these advantages and are turning to Dixie in ever increasing numbers--that they have discovered our abundance of natural resources, farm products, growing markets, favorable climate, the wealth of easily trained native-born workers, the area's great water system, and the vast deposits of coal, iron, limestone, marble, and clays.

A recent census of manufacturers showed that the South added over 16,000 new factories between 1939 and 1947. The 1950 census may show that many additional ones or more.

It is also clearly evident that Dixie must learn to sell her ever increasing production--that the new prosperity trio for Dixie in the future must be agriculture-industry-distribution. The distributive industries--large and small--must now join hands with the farmer and the manufacturer and create markets for this new and growing volume of things made in Dixie. These things must be distributed first within the South and then beyond her borders.

That is where Sears enters the picture.

We at Sears have always felt that one of the most virulent diseases which afflicts the economics structure of the nation is an over-concentration of industry in a few

relatively small areas along the Atlantic seaboard and in the Middle West. But we have tried to do more than just talk about it. Within the last dozen years, Sears has built, or caused to be built, numerous factories in the South. Such factories made sense because they were nearer to their sources of supply and nearer to their markets.

In a speech in Greensboro, North Carolina, some time ago, Sears Board Chairman, Robert E. Wood, said, "You read a good deal in the press today of decentralization of industry. I am proud of the fact that Sears, Roebuck and Co. was a pioneer in this policy, not only in our own operations in distribution, but also in the encouragement of our suppliers (manufacturers) to carry out the same policy. And I believe the policy of decentralization will be of immense value to the South and to the nation as a whole."

During 1950, Sears purchased about \$300,000,000 worth of goods from 421 Southern factories. That shows how Sears has turned to the South for the goods she sells in the South and for much of the merchandise she sells in the North, the West, and even in Latin American countries where she now has outlets.

Of this vast volume of goods, about 36% was textile products, 29% was in the garment category, 9% was spent on furniture, 8% in tires and rubber products, 6% in shoes and leather products, and 5% in hard lines which covers hardware, plumbing, building material, etc. Miscellaneous products which includes such items as sporting goods, kitchen ware, notions, automotive equipment, paint, toys, venetian blinds, garden supplies, candy, etc., comprised 4% of the total purchases. Wood products (other than furniture) rounded out the purchases forming 3% of the purchases by Sears in the South.

Yes, what Dixie makes makes Dixie the most potent new frontier on the business horizon of the nation--makes Dixie the biggest land opportunity for the investor and the workers--makes Dixie an even more desirable area in which to live and enjoy life.

ECONOMIC COOPERATION ADMINISTRATION ----- J. G. MAYTON

In the previous installment we discussed the ECA-The Economic Cooperation Administration set up in Washington to administer the European Recovery Program. The European counterpart of ECA is the OEEC-Organization for European Economic Cooperation--with headquarters in Paris, representing all the countries which participate in the program. It is the function of this European organization to develop and carry out the combined program in cooperation with the United States.

Basically, the program operates in the following manner:

- (1) Each participating country submits its annual program of requirements to the OEEC--its own organization. When the programs of all the countries have been jointly reviewed, the OEEC submits them to the ECA, which then subjects each country's requirements to review and constant scrutiny in the light of the overall program.

- (2) Purchases of what each country requires are then made by private foreign business firms and by government purchasing agencies by using ECA credits through established channels of private business organizations in the United States. When the commodities arrive in the purchasing country, individual consumers pay their respective government for each such purchase in the currency of their own country.

(3) The purchase price of each article in the native currency is placed by each country in its "counterpart fund," or matching fund (the dollar equivalent by its own currency for each dollar's worth of recovery aid received from the United States through the ECA). There is a counterpart fund in each of the participating countries, and these funds can be used only for projects which are of benefit to the country as a whole. Among such projects are: land reclamation, irrigation systems, hydro-electric plants, roads and ports, etc. Each such project must be approved by the ECA.

(4) Five per cent of the counterpart funds are allocated to pay the administrative expenses of the ECA in Europe and also for the purchase of critical or strategic materials needed by the United States.

It should be clearly understood that the ECA neither buys from nor sells to the participating countries. Its function is to provide dollar credits to each of the participating countries and to supervise the way in which the funds are spent. The purchases are made by European importers, private or governmental, through normal trade channels, and payments are made to the American sellers with checks or drafts drawn on American credit institutions.

Only a small share of the Marshall Plan Fund is loans. The major portion consists of grants which are matched by the above mentioned and counterpart funds. As of May 31, 1951, the cumulative figure of dollar grants and loans by ECA amounted to \$11,492,700,000.

The next installment will deal with the achievements of the Marshall Plan.

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